



# *Annual Report*

## *1959*



RUTLAND RAILWAY CORPORATION

# RUTLAND RAILWAY Corporation

WALLACE M. FAY, *Chairman*

## DIRECTORS

FRANK A. AUGSBURY, JR.  
ARTHUR H. BROWN  
WILLIAM I. GINSBURG

L. JAMES GUMPERT  
L. DOUGLAS MEREDITH  
FLOYD W. MOORE

JACK H. WEISS\*

## OFFICERS

WILLIAM I. GINSBURG . . . . . *President*  
ROBERT L. KEITH . . . . . *Executive Assistant*

LYDD G. BUCKLIN . . . . . *Vice President-  
Corporate and Clerk*  
JOHN W. LOVETT . . . . . *Manager of Personnel*

## OPERATING

WILLIAM E. LOVETT† . . . . . *Superintendent*  
JOHN W. LOVETT . . . . . *Trainmaster and  
General Representative*

NORMAN F. BRUCE . . . . . *Master Mechanic*  
E. HAROLD LUNDIN . . . . . *Chief Engineer*

## SALES AND SERVICES

STEPHEN A. CLIFFORD . . . . . *General Sales  
Manager*

JOHN E. LAUGHLIN . . . . . *Sales Manager-  
Rates*

## TREASURY

JACK H. WEISS\* . . . . . *Treasurer*

JOHN K. ROBERTS . . . . . *Assistant Treasurer*

## ACCOUNTING

LYDD G. BUCKLIN . . . . . *Comptroller*

JAMES J. TRACY . . . . . *Auditor*

## LAW

EDWIN W. LAWRENCE . . . . . *General Counsel*

ROBERT L. KEITH . . . . . *General Claims  
and Land Agent*

## PURCHASING

WILLIAM H. ROSS . . . . . *Purchasing Agent*

\*Mr. Jack H. Weiss, Director and Treasurer, died February 8, 1960. Mr. Sol M. Rosenberg was elected a Director and Treasurer March 11, 1960.

†Mr. William E. Lovett, Superintendent, died February 14, 1960. Mr. Harold J. Nichols was appointed Superintendent, effective February 18, 1960, to succeed Mr. Lovett.

Mr. Stanley L. Ginsburg was elected a Director effective February 5, 1960 to replace Bernard A. Steinbach, Jr., who resigned as a Director effective December 31, 1959.

# RUTLAND RAILWAY CORPORATION



## To Our Stockholders:

The year 1959 was a most disappointing and difficult one for the Rutland Railway Corporation. Increases in wage rates and cost-of-living adjustment in accord with agreements terminating October 31, 1959, increases in cost of materials and supplies together with decline in revenues, principally due to the steel strike which affected many related lines, and the closing of various industries along our line with resultant loss of traffic occasioned the operating loss.

During the year 1959, dividends on preferred stock were not declared as earnings did not warrant the payment. The Board of Directors authorized the officers to participate in operational and traffic studies with other New England railroads in an endeavor to determine what, if any, efficiencies, advantages or savings might be obtained by closer working agreements, possible consolidation or merger with other New England railroads.

In the past year, many steps have been taken to improve the economy of operations. The road is now operating with sharply reduced forces in an endeavor to meet the upward spiral in material, wage and tax costs. Wage rates on the Rutland equal or exceed those paid in other industries in the area the Railway serves. Any increase in expenses at this time might well jeopardize the very existence of the Rutland Railway and, accordingly, it is imperative that the corporation be afforded relief from the present working rules and agreements which tend to inflate costs and which, if continued, may result in serious damage to the financial structure of the Rutland. As early as last spring, some of the railway labor organizations made requests for increased wage rates and other benefits and subsequently all of them did so. These wage requests are now in the process of negotiation under the terms of the Railway Labor Act.

Railroading is at best a high-labor-cost industry and employment costs that include wages, payroll taxes for pension and unemployment benefits, health and welfare benefits consumed 69.7 cents of every revenue dollar during 1959 on the Rutland Railway.

We trust, however, that leaders of railway labor unions will join in a statesmanlike approach to our problems for it is to the interest of the employees of the Rutland to work in an industry that has growth possibilities and which may provide more jobs instead of a constant decline in jobs.

It is important to the economy of Vermont and the area we serve that the pending negotiations with respect to wages and working conditions be amicably concluded for the welfare of this industry and its difficult competitive situation we are faced with.

Our effort is not against railroad labor. Nowhere in the nation is there a more able or conscientious work force; however, we can no longer afford to pay for work not done, and in order to exist in the area we serve, we must have a fair day's work for a fair day's pay.

Additional freight revenues must be obtained to meet increased operating costs. Every effort is being made to bring new industry onto our line and it is most gratifying to have the cooperation of various organizations, such as, the Vermont Development Credit Corporation and Chambers of Commerce of each city working with us. We are endeavoring to effect arrangements with connecting lines for piggyback operations and hope to establish such service during 1960.

Following the resignation of Myron Simons and Bernard A. Steinbach, Jr. as Directors, Stanley L. Ginsburg and Sol M. Rosenberg were elected to the Board of Directors. Jack H. Weiss died on February 7, 1960 and the vacancy as Treasurer was filled by Sol M. Rosenberg, a Certified Public Accountant.

The Directors and Officers are grateful for the cooperation given by all employees and wish to thank our shippers for their loyal support. The continued loyalty of our stockholders is gratefully acknowledged.

For The Board of Directors,

A handwritten signature in dark ink, appearing to read "Stanley L. Ginsburg", written in a cursive style.

PRESIDENT

### *In Memoriam*

Jack Harry Weiss, Director and Treasurer, passed away February 7, 1960. Mr. Weiss, who had been a Director of this Corporation and its Treasurer since April 15, 1958, was a man of ability. His ability and devotion to duty will be missed.

## STATEMENT OF INCOME

For the Years Ended December 31, 1959 and 1958

	1959	1958
OPERATING REVENUES:		
Freight (including switching).....	\$4,383,307	\$4,425,393
Milk.....	171,306	160,155
All Other.....	57,823	50,199
TOTAL.....	4,612,436	4,635,747
OPERATING EXPENSES:		
Maintenance of Way and Structures:		
Depreciation—Road.....	95,590	95,884
All Other.....	804,164	789,302
Maintenance of Equipment:		
Depreciation—Equipment.....	214,070	211,309
All Other.....	500,777	469,953
Traffic (Sales and Services).....	349,371	372,447
Transportation.....	1,904,561	1,872,423
General.....	338,764	333,476
TOTAL.....	4,207,297	4,144,794
NET REVENUE FROM OPERATIONS.....	405,139	490,953
TAX ACCRUALS (No Federal Income Tax Accrual Required Due to Prior Year Loss Carry-Forwards):		
Payroll (Retirement and Unemployment).....	220,406	189,996
State, Local, Miscellaneous.....	137,787	138,457
TOTAL.....	358,193	328,453
OPERATING INCOME.....	46,946	162,500
RENT EXPENSE—(Income) NET:		
Equipment Rental.....	65,124	51,964
Joint Facility Rents.....	(14,487)	181
TOTAL.....	50,697	52,145
NET OPERATING INCOME (Loss).....	(3,751)	110,355
MISCELLANEOUS INCOME—NET.....	91,287	98,742
INCOME AVAILABLE FOR FIXED CHARGES.....	87,536	209,097
FIXED CHARGES—Interest on Debt.....	41,282	54,070
NET INCOME.....	\$ 46,254	\$ 155,027

## RETAINED INCOME—UNAPPROPRIATED

For the Years Ended December 31, 1959 and 1958

	1959	1958
BALANCE AT BEGINNING OF YEAR.....	\$ 577,630	\$ 426,503
ADDITIONS:		
Net Income for the Year.....	46,254	155,027
Other, gain (loss) on disposals of real estate—net.....	(49,775)	120,645
TOTAL.....	574,109	702,175
DEDUCTIONS		
Cash dividends on preferred stock—\$2.50 per share.....		124,545
BALANCE AT END OF YEAR.....	\$ 574,109	\$ 577,630

# Rutland Railway Corporation

## Balance Sheet, December 31, 1959 and 1958

### ASSETS

	1959	1958
<b>CURRENT ASSETS:</b>		
Cash.....	\$ 166,830	\$ 184,673
Temporary Cash Investments.....	200,000	300,000
Special Deposits.....	113,086	142,405
Traffic and Car-Service Balances.....	54,417	92,301
Net Balances Receivable from Agents.....	83,020	61,461
Miscellaneous Accounts Receivable.....	77,388	67,821
Accrued Accounts Receivable.....	42,130	48,067
Prepayments.....	16,155	8,610
Material and Supplies.....	394,054	429,039
Other Current Assets.....	5,169	7,524
<b>Total Current Assets.....</b>	<b>1,152,288</b>	<b>1,341,701</b>
<b>INVESTMENTS:</b>		
Stock of Affiliated Company.....	20,000	20,000
Loans to Affiliated Company.....	163,750	232,500
Other Investments.....	31,138	31,138
<b>Total Investments.....</b>	<b>214,888</b>	<b>283,638</b>
<b>PROPERTIES:</b>		
Land and Equipment Property.....	25,413,181	25,281,738
Miscellaneous Physical Property.....	555,116	627,949
<b>Total.....</b>	<b>25,968,297</b>	<b>25,908,787</b>
<b>Less:</b>		
Acquisition Adjustment.....	11,237,520	11,250,452
Donations and Grants.....	2,474	2,474
<b>Total.....</b>	<b>11,239,994</b>	<b>11,252,926</b>
Investment in Property.....	14,728,303	14,655,861
Less Recorded Depreciation.....	3,464,592	3,212,724
<b>Total Investment in Property less Recorded Depreciation.....</b>	<b>11,263,711</b>	<b>11,443,137</b>
<b>OTHER ASSETS AND DEFERRED CHARGES.....</b>	<b>101,987</b>	<b>191,032</b>
<b>TOTAL ASSETS.....</b>	<b>\$12,732,844</b>	<b>\$13,259,508</b>

### LIABILITIES AND SHAREHOLDERS' EQUITY

	1959	1958
<b>CURRENT LIABILITIES:</b>		
Audited Accounts and Wages Payable.....	\$ 142,380	\$ 166,182
Miscellaneous Accounts Payable.....	70,215	60,767
Interest Matured Unpaid.....	8,077	8,666
Dividends Matured Unpaid.....	3,543	45,393
Accrued Accounts Payable.....	73,600	66,346
Taxes Accrued.....	57,147	47,935
Other Current Liabilities.....	21,277	25,728
<b>Total Current Liabilities.....</b>	<b>376,239</b>	<b>423,927</b>
<b>LONG-TERM DEBT DUE IN ONE YEAR—Equipment Obligations.....</b>	<b>285,000</b>	<b>312,000</b>
<b>LONG-TERM DEBT DUE AFTER ONE YEAR—Equipment Obligations.....</b>	<b>497,845</b>	<b>811,845</b>
<b>CASUALTY AND OTHER RESERVES.....</b>	<b>63,628</b>	<b>82,860</b>
<b>DEFERRED CREDITS.....</b>	<b>11,523</b>	<b>6,752</b>
<b>TOTAL LIABILITIES.....</b>	<b>1,234,235</b>	<b>1,637,384</b>
<b>SHAREHOLDERS' EQUITY:</b>		
<b>Capital Stock:</b>		
5% Cumulative Preferred, \$100 Par Value—Authorized and Outstanding, 46,804 Shares—1959; 46,818 Shares—1958 (See Note) Common, \$100 Par Value—Authorized and Outstanding, 60,112 Shares.....	4,680,400	4,981,800
<b>Total.....</b>	<b>6,011,200</b>	<b>6,011,200</b>
<b>Capital Surplus (See Note).....</b>	<b>10,691,600</b>	<b>10,693,000</b>
<b>Total.....</b>	<b>182,900</b>	<b>1,494</b>
<b>Retained Income:</b>		
Appropriated.....	50,000	50,000
Unappropriated (See Note).....	574,109	577,630
<b>Total.....</b>	<b>624,109</b>	<b>627,630</b>
<b>TOTAL SHAREHOLDERS' EQUITY.....</b>	<b>11,498,609</b>	<b>11,622,124</b>
<b>TOTAL LIABILITIES &amp; SHAREHOLDERS' EQUITY.....</b>	<b>\$12,732,844</b>	<b>\$13,259,508</b>

### Note to Financial Statements

The Corporation purchased and retired 3,014 shares of its preferred stock during 1959 pursuant to an "Offer Of Rutland Railway Corporation To Purchase Some Of Its Preferred Stock," dated July 30, 1959. The \$181,406 excess of the par value of the stock thus acquired over the aggregate purchase price was credited to Capital Surplus.

Dividends on the remaining outstanding preferred stock are cumulative, if not paid, up to but not exceeding fifteen percent at any one time. At January 1, 1960 such dividends were fifteen percent in arrears, amounting to \$702,060.



**HASKINS & SELLS**  
ACCOUNTANTS

80 FEDERAL STREET  
BOSTON 10

ACCOUNTANTS' OPINION

**RUTLAND RAILWAY CORPORATION:**

We have examined the balance sheet of Rutland Railway Corporation as of December 31, 1959 and the related statements of income and retained income-unappropriated for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statements of income and retained income-unappropriated present fairly the financial position of the Corporation at December 31, 1959 and the results of its operations for the year then ended, in conformity with principles of accounting prescribed or authorized by the Interstate Commerce Commission applied on a basis consistent with that of the preceding year.

*Haskins & Sells*

March 3, 1960.

# HIGHLIGHTS OF THE YEARS



	1959	1958	1957	1956	1955	1954
Operating Revenues.....	\$4,612,436	\$4,635,747	\$5,113,653	\$5,201,892	\$4,811,335	\$4,551,087
Operating Expenses.....	4,207,297	4,144,794	4,393,262	4,238,499	3,957,306	4,056,724
Ratio of Expenses to Revenues.....	91.22%	89.41%	85.91%	81.48%	82.25%	89.14%
Miles of Railroad Operated.....	391.47	391.47	391.47	391.47	391.50	391.52
Payroll.....	2,953,132	3,013,086	3,118,559	3,040,459	2,835,290	3,107,094
Ratio Payroll to Revenues.....	64.03%	65.00%	60.99%	58.45%	58.93%	68.27%
Payroll Taxes.....	220,406	189,996	198,296	188,931	161,979	176,203
Net Income.....	\$ 46,254	\$ 155,027	\$ 299,020	\$ 452,816	\$ 272,198	\$ (122,911)

W. H. C. & S. Co., Inc.

## STATUS OF EQUIPMENT

Acquired Since November 1, 1950

At December 31, 1959

	Acquired	Cost	Paid	Equity	Balance Outstanding
Diesels No. 200-204.....	June, 1951	\$ 737,948.00	\$ 737,948.00	100 %	\$ —
Diesels No. 205-208.....	July, 1952	623,320.00	623,320.00	100 %	—
Diesels No. 401-405.....	Sept., 1951	571,415.00	571,415.00	100 %	—
Diesel No. 500.....	Nov., 1951	74,895.00	74,895.00	100 %	—
Steel Box Cars No. 100-149.....	July, 1954	323,316.00	323,316.00	100 %	—
Steel Box Cars No. 150-199.....	Feb., 1955	320,000.00	320,000.00	100 %	—
Steel Box Cars No. 200-249.....	Mar., 1956	337,261.00	565,023.00	73 %	209,025.00
Steel Box Cars No. 300-349.....	Aug., 1956	357,462.00			
Jordan Spreader No. X-180.....	Dec., 1955	39,400.00			
Steel Hoppers No. 500-504.....	Jan., 1956	39,925.00			
Steel Box Cars No. 250-299.....	Mar., 1956	337,261.00	565,023.00	72.9 %	209,550.00
Steel Box Cars No. 350-399.....	Aug., 1956	357,462.00			
Steel Hoppers No. 505-514.....	Jan., 1956	79,850.00			
Steel Box Car No. 450.....	Apr., 1957	7,595.32	7,595.32	100 %	—
Steel Box Cars No. 400-449.....	Apr., 1957	381,280.00	246,962.69	40.4 %	364,270.31
Steel Gondola Cars No. 1000-1024.....	Nov., 1957	229,953.00			
Steel Cabooses No. 50-51.....	June, 1959	37,738.78	37,738.78	100 %	—
Total.....		\$4,856,082.10	\$4,073,236.79	83.88%	\$ 782,845.31





## TRAIN, LOCOMOTIVE AND CAR-MILES

	1959	1958
<b>TRAIN-MILES:</b>		
Freight.....	440,059	449,298
Work Service.....	5,969	3,726
<b>LOCOMOTIVE-MILES:</b>		
Freight—Principal.....	440,059	449,298
Freight—Helper.....	129,468	129,529
Freight—Light.....	552	715
Freight—Train Switching.....	9,950	9,532
Freight—Yard Switching.....	101,046	106,946
<b>Total Locomotive-Miles.....</b>	<b>681,075</b>	<b>696,020</b>
Work Service Locomotive-Miles.....	5,969	3,726
<b>CAR-MILES:</b>		
In Freight Trains—		
Loaded Freight Cars.....	7,292,180	7,430,773
Empty Freight Cars.....	2,828,875	2,918,022
Caboose.....	388,110	400,393
<b>Total Freight Train Car-Miles.....</b>	<b>10,509,165</b>	<b>10,749,788</b>
In Freight Trains—		
Mail, Express, Baggage Cars, etc.....	530,338	554,997
Business Cars.....	—	1,368
Crew Cars (Excepting Caboose).....	56,150	49,976
<b>Total Passenger Train Car-Miles.....</b>	<b>586,488</b>	<b>606,341</b>
<b>Total Car-Miles.....</b>	<b>11,095,653</b>	<b>11,356,129</b>
Work Service Car-Miles.....	20,643	9,866

## FREIGHT TRAFFIC STATISTICS

	1959	1958
<b>FREIGHT:</b>		
Tons Carried—Revenue.....	1,596,408	1,594,515
Tons Carried—Company.....	22,285	15,671
<b>Tons Carried—Total.....</b>	<b>1,618,693</b>	<b>1,610,186</b>
Tons Carried One Mile—Revenue.....	214,671,164	221,736,199
Tons Carried One Mile—Company.....	2,107,836	1,599,801
<b>Tons Carried One Mile—Total.....</b>	<b>216,779,000</b>	<b>223,336,000</b>
Freight Revenue (A/C 101).....	\$ 4,290,227	\$ 4,333,512
<b>Averages:</b>		
Miles of Road Operated.....	391.47	391.47
Revenue Per Ton.....	\$ 2.68743	\$ 2.71776
Revenue Per Ton Mile.....	\$ .01999	\$ .01954
Miles Per Revenue Ton.....	134.471	139.062
Ton-Miles Per Mile of Road (Rev.).....	548,372	566,419

# **RUTLAND** *Sales and Services*

## **Rutland, Vt.**

Stephen A. Clifford.....*General Sales Manager*

John E. Laughlin.....*Sales Manager—Rates*

## **Rutland, Vt. Phone: PRospect 3-3331**

John A. Halpin.....*Sales Manager*

Donald P. Looby  
.....*District Sales Representative*

John J. Mullen  
.....*District Sales Representative*

Raymond W. Carroll  
.....*Commerce Agent*

## **Buffalo, N. Y. Phone: MOhawk 6931**

N. P. Garcia  
.....*District Sales Representative*

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## **Boston, Mass. Phone: CApital 7-3381**

John E. McGarrity....*Sales Manager*

Albert L. Taylor  
.....*District Sales Representative*

John A. Clark  
.....*District Sales Representative*

## **Portland, Me. Phone: SPruce 5-0541**

Charles J. Reagan  
.....*District Sales Representative*

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## **Chicago, Ill. Phone: WAbash 2-2593**

Oliver L. Crawford....*Sales Manager*

Ray I. Nova....*District Sales Manager*

Heaton L. Bullock  
.....*District Sales Representative*

## **Seattle, Wash. Phone: MUtual 2-6430**

Marshall O. Culton  
.....*District Sales Representative*

## **Cincinnati, Ohio.**

### **Phone: CHerry 1-1126**

John D. Lewis...*District Sales Manager*

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## **New York City.**

### **Phone: LOngacre 3-5997**

Richard O. Fawcette...*Sales Manager*

Walter H. Lodge..*Special Representative*

Richard M. Toohey  
.....*District Sales Representative*

## **OFFICERS**

## **CENTRAL REGION**

## **NORTHEASTERN REGION**

## **WESTERN REGION**

## **EASTERN REGION**